

CORRECTED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into 2003–04 budget estimates

Melbourne–27 May 2003

Members

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Witnesses

Mr J. Thwaites, Minister for Environment;

Professor L. Neilson, Secretary; and

Mr K. Love, Deputy Secretary, Public Land Stewardship and Biodiversity, Department of Sustainability and Environment.

**Necessary corrections to be notified to
executive officer of committee**

The CHAIR — I declare open the Public Accounts and Estimates Committee hearings on the 2003–04 budget estimates for the portfolios of environment, water and Victorian communities. I welcome the Honourable John Thwaites, Minister for Environment; Professor Lindsay Nielson, Secretary of the Department of Sustainability and Environment; Mr Kevin Love, deputy secretary, public land stewardship and biodiversity, Department of Sustainability and Environment; departmental officers; members of the public; the media; and Hansard.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. However, any comments made outside the precincts of this hearing are not protected by parliamentary privilege. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript early next week.

Mr Thwaites, over to you, and then we have 55 minutes allocated for questions on the environment portfolio.

Mr THWAITES — I will start with an overview of the Department of Sustainability and Environment.

Overheads shown.

Mr THWAITES — A restructure of the department took place after the December 2002 election and a special portfolio was created for water. I was appointed the Minister for Water and the Minister for Environment. The former Department of Natural Resources and Environment was split into two departments, Primary Industries and Sustainability and Environment.

Essentially the thrust of the new departments is to provide a whole-of-government approach to achieve the government's sustainability goals. In terms of our objectives, it is to build sustainability into everything that we do, to become a world leader in greenhouse-friendly initiatives and to promote changes in the way we use energy, water and other resources central to modern lifestyles. Some of the core aspects of that policy agenda are Melbourne 2030, which is aimed at encouraging a more sustainable Melbourne; the establishment of the Commissioner for Environmental Sustainability, and that office will provide a valuable source of advice for the government and also for industry and the community more generally through state-of-the-environment reporting; and more broadly to establish Victoria as a sustainable state, covering a number of key areas — greenhouse emissions, renewable energy, energy conservation, transport and urban development, waste minimisation and sustainability in government. We are committed to achieving those on a whole-of-government basis.

The budget contains some key initiatives for the environment. They include approximately \$14 million over the next four years for the Otways to assist to promote recreational tourism and to prepare for the new Otways National Park. That will involve an immediate 25 per cent reduction in logging from the ranges through the surrender of a licence, and of course the phasing out of logging and woodchipping by 2008 at the latest. The second core element which is linked to that is the plantations and incentives strategy, the purpose of which is to encourage sawlog plantations on private land. This will be particularly important in western Victoria and the area adjacent to the Otways to encourage a transition from native forest timber to plantation timber. Also the Environment Assessment Council receives \$1 million to help in its investigations, as I have already indicated, in relation to the expanded Otway National Park. Another interesting initiative is the \$10 million initiative for tackling weeds on private farmland and private lands. A particular focus will be given to prevention and early intervention activities in relation to weeds.

There are other key initiatives to promote a sustainable stake in the budget, including a solar energy retrofit which is aimed at assisting schools and kindergartens and other community centres to adopt solar technologies; the energy-efficient retrofit, which is a program aimed to help low-income households to improve their energy efficiency; \$3.5 million to extend the solar energy rebate scheme — the solar hot water technology scheme; and \$3.5 million to build upon the government's green power initiative to encourage renewable energy and greenhouse gas reduction by increasing the government's purchase of green power from 5 per cent to 10 per cent. The budget also contains an important initiative to engage 50 new park rangers across regional Victoria, \$16 million to improve public safety on public land, \$14 million to improve weed and pest control on public land, and \$1.5 million as the first step towards developing an overarching sustainability strategy.

It is also very pleasing that the budget contains \$32 million for the long-term zoo strategy. That is for capital funding to assist in transforming the state's three zoos. We have already seen some improvements in the zoos but this will enable a substantial next step to be taken.

In terms of major achievements, in the past financial year there has been the establishment of 13 marine national parks and 11 marine sanctuaries and also the successful implementation of the Our Forests, Our Future policy,

which seeks to establish a more sustainable forestry industry through the voluntary licence reduction program. Clearly the major external factor faced by the department over the past year has been the past fire season, with the largest and fiercest fires the state has faced since 1939. They burnt around 1.3 million hectares of land, principally public land — national park and state forest areas. Approximately 90 000 hectares of private land was burnt.

There was a massive coordinated response to the fire, which involved some 3350 firefighters and support staff from my department, the Department of Primary Industries and Parks Victoria; over 700 Country Fire Authority volunteers per cycle; 120 army and navy personnel; State Emergency Service staff; and firefighters from other states and indeed overseas. I would like to take this opportunity to thank all of those people who contributed to what was a huge task, which, all things considered, was pretty successfully done. Of course the next stage for government has been bushfire recovery. In terms of the forward look, we as the Department of Sustainability and Environment are leading a cultural change in the way Victorians think about their resources and interact with their environment. We have major challenges in sustainability in terms of greenhouse gases and climate change, which is already affecting the climate and will increase the propensity for droughts and bushfires into the future. Second, in relation to water, there is a major challenge that we face, probably the biggest challenge we face Australia-wide when you link that to salinity, and third, we have a challenge in relation to waste and how we sustainably deal with it into the future.

The CHAIR — Thank you, Minister. In your second-last overhead you referred to the public land and fire boundaries for the season 2003. I note that you are responsible for an output measure that minimises Victoria's fire risks. How does the work that your department has done compare with the comments made by the Auditor-General in relation to fire risk, and could you also cover a little of the budget? You mentioned that there were 3350 firefighters from your department involved in those, and I would appreciate some comment on that.

Mr THWAITES — I will just start with that last point you make about 3350 firefighters. I should emphasise that that is the total personnel from both the government departments that were involved in the fire —

The CHAIR — Not just your department?

Mr THWAITES — It was Department of Primary Industries and Parks Victoria as well, and of those about 2000 were on the fire front and the others were involved in the fire effort. It is an incredibly complex effort that as well as the direct firefighting involves planning, logistics and operations. Things as prosaic as getting the right food to the right place can be absolutely critical to a successful firefighting effort.

What characterises Victoria's response to this fire as opposed, I think, to previous efforts has been a much greater level of coordination between the government agencies and the Country Fire Authority principally, and all of the other organisations involved, whether they be local government or the community, fighting the fires. While you certainly hear criticisms — and I must say you would not expect not to have criticisms in an event as significant as that — having visited the fires and incident control centres on a number of occasions, I was enormously impressed by the level of coordination. We should not forget that that coordination and the increased emphasis on coordination comes after previous tragedies like the Linton fire and other events where criticisms have been made of a lack of coordination. The emphasis that has been placed on that has paid great benefits to the firefighting effort. One of the reasons that we are able to say that the loss of life and the loss of property, tragic though it was, was kept to a minimum is that level of coordination. I think it is very important, in comments people make, that we do not seek to undermine the very good level of coordination between the CFA and government agencies in the effort. That increased level of coordination is also matched to another very important factor, and that is an emphasis on firefighter safety. Firefighter safety is the first priority that the incident controllers and others have when they make their decisions, and once again we should acknowledge in this case that, although it is a tragedy that one life was lost, when you compare that with Ash Wednesday and 1939, it was a great effort. I must say that some of the comments that some people have made subsequent to the fires are, frankly, misguided and they do not take into account the importance of firefighter safety. Some people, I think, would like to see a situation where decisions about back-burning and these sorts of things are not made in a coordinated way but rather are left more up to individuals who think they know best. But that sort of approach is fraught with danger and it is very important that we maintain a high level approach which is coordinated and puts a high premium on firefighter safety.

Also very important are the resources, and prior to this fire season the CFA and government agencies were very aware that this was going to be a high-risk season. We have had seven years of below average rainfall and as a result of that additional firefighting personnel were put on. Some 700 firefighting personnel — the summer season firefighters — and the training —

The CHAIR — Seven hundred above the normal?

Mr THWAITES — No, the total is 700. The normal is somewhat less than that, so it was more than usual. Importantly the training for those people started early so that they would be ready when the fires came, and as we know the first fires came in December so that was critical. As well as the additional resources that went into firefighting personnel, additional resources were put into the equipment and air support that was required. There were some 24 dedicated aircraft available, 107 bulldozers, 81 four-wheel drive fire tractors, 350 specialised four-wheel drive firefighting vehicles, and as we all know, the helicopter and air support was vital in saving some private land that might otherwise have been lost. I am sure Mr Baxter would be aware that up in Stanley in his electorate, for example, the intervention of that air support was absolutely critical in saving some properties. I am sure the committee would also be aware that during the course of the season an additional helitanker was put in place. When you put that together — the coordination, which I think was probably the most important, the high level of expertise demonstrated by the CFA and the departmental staff, the extra resources and the preparation — it all served to minimise the overall damage that would otherwise have been caused.

The CHAIR — Thank you. In terms of the cost, presumably you have that information and could forward it to the committee?

Mr THWAITES — That is right.

The CHAIR — You have outlined the details but if you could quantify them it would be helpful.

Mr FORWOOD — Minister, I refer you to page 318 of budget paper 3 which deals — —

Mr THWAITES — Slow down.

Mr FORWOOD — It deals with services for management and governance of Victoria's parks which show a total output cost of \$153 million in the forthcoming year.

Mr THWAITES — Sorry. Page 318?

Mr FORWOOD — Of budget paper 3.

Mr LOVE — He is talking about page 319.

Mr THWAITES — It is on page 319.

Mr FORWOOD — Sorry. It starts on page 318. It is the output group. I think it is on the bottom of the page. I also refer you to page 42 of Parks Victoria's annual report for 2001–02. The first thing I would like to know is: what is the break-up in expenditure between metropolitan parks and other parks?

Mr LOVE — We do not have the benefit of that annual report.

Mr THWAITES — Do you want to show us that report?

Mr FORWOOD — I am interested in the expenditure.

Mr THWAITES — I cannot give you the break-up, but I can get that to you.

Mr FORWOOD — I would appreciate that. The point that I am getting to is that you will note from that annual report that — —

Mr THWAITES — I think it is best if we get that to you.

Mr FORWOOD — I appreciate that. You will note from the annual report in front of you that \$59.659 million, down from \$62 million the previous year, is shown under the parks and reserves trust at the top of the page?

Mr THWAITES — Yes.

Mr FORWOOD — That is the money that comes in through the compulsory levy that we pay on our water bills. If you look at the expenditure you will see that that is a significant part of the department's expenditure, and yet the act is very clear. In section 25(3) — —

The CHAIR — This is the Parks Victoria Act?

Mr FORWOOD — The Parks Victoria Act says that the funds should be spent within the metropolitan area. I put it to you that any way you do the sums, money raised through the levy in the metropolitan area is being taken from that fund and spent elsewhere in the department.

Mr THWAITES — On what basis do you say that?

Mr FORWOOD — If you look at half of the expenditure of the department — \$59 million — —

Mr LOVE — This is Parks Victoria you are talking about?

Mr FORWOOD — Parks Victoria, yes. The act says that the funds will be hypothecated — —

Mr THWAITES — I understand that, but I do not understand the assertion that you make. I do not understand where you get that from.

Mr FORWOOD — Well, I have done the sums and I reckon that if you look at it you will find that the total operating expenses for Parks Victoria is \$115.6 million plus \$3.6 million used for metropolitan park grants. So I reckon more than half of those funds that are coming from the hypothecated levy account for more than half of Parks Victoria's expenses, and I would like an explanation of how that can take place.

Mr THWAITES — I do not know where you get those figures.

Mr FORWOOD — I am just asking a question.

The CHAIR — Are we asking a specific question? Have you got information?

Mr FORWOOD — My specific question is: how much of the \$59.96 million from the hypothecated fund was spent on metropolitan parks?

Mr THWAITES — The money from the metropolitan parks fund is spent on metropolitan parks.

Mr FORWOOD — Can we have a break-up?

Mr THWAITES — Yes, but you are making assertions that are not backed up by the facts. There is nothing in the facts that back up your assertion.

Mr FORWOOD — I have done the research.

Mr THWAITES — Well, produce it. You have not — —

Mr FORWOOD — I have done the sums.

The CHAIR — Right. You asked the question and for the percentages. Ms Romanes.

Ms ROMANES — Minister, you made reference in your presentation to Victoria being a world leader in greenhouse-friendly initiatives. I wonder if you could tell the committee where in the budget papers is the allocation of \$100 million to Victoria's greenhouse strategy?

Mr THWAITES — The Victorian greenhouse strategy includes nearly 60 actions totalling about \$100 million. The total for that funding is spread across budgets from 2001–02 through to 2004–05. They are in the sustainability and greenhouse policy output. The funding for that greenhouse strategy that we released includes some \$145 million for new initiatives introduced with the release of the strategy and \$54 million for ongoing actions under way at that time. If you look at budget paper 3, at page 333 the total output cost is \$36.5 million — —

Mr FORWOOD — What page?

Mr THWAITES — Page 333. The total output costs this year for that sustainability include this year's output for greenhouse, some \$21 million for new Victorian greenhouse strategy actions and \$13 million for core programs of the Sustainable Energy Authority and the solar hot water rebates program. Certainly, the government through that output, is supporting the greenhouse strategy, but beyond the Department of Sustainability and

Environment's contribution to that a number of other departments also contribute. They include the Department of Infrastructure, the Department of Innovation, Industry and Regional Development and the Office of Housing. The Office of Housing in some of its programs is making contributions to reducing greenhouse through energy-efficient design and building. So, the government strategy is a holistic one across a number of departments. This department's contribution to greenhouse is, this year, demonstrated through the output sustainability and greenhouse policy.

Mr FORWOOD — The Sustainable Energy Victoria annual budget is \$11 million, I think?

Mr THWAITES — I do not think it is that much. I think it is around \$5 million.

Mr FORWOOD — The grants are included in that as well?

Mr THWAITES — Yes, yes.

Mr FORWOOD — Okay, so of the \$100 million, the costs of running SEV each year are part of that \$100 million?

Mr THWAITES — That is right.

Mr CLARK — Could I ask you about the fire operations output on page 328 of budget paper 3? I also picked up the corresponding figures of last year's budget papers. If you look at the total output cost of that area over time, you see the actual for 2000–01 was \$50.2 million —

Mr THWAITES — Sorry?

Mr CLARK — This is on page 328, the fire operations group in the middle, the total output cost. If you take the 2000–01 figures, which are not here but are in last year's papers, the actual was \$50.2 million. There was then a target for 2001–02 of \$37.5 million, which turned out to be \$48.5 million. Then for the current year the target was \$32.9 million, which turned out to be \$132.2 million — obviously given the serious fires that we had. For the forthcoming year you have budgeted \$41.7 million. If you look at the fuel reduction figures, you see that the fuel reduction burning completed in 2000–01, was 65 800 hectares; you then had a target of 100 000 hectares in last year's budget papers but the actual was only 81.14 thousand; and then you have got target, expected and the target for this year of 100 000 hectares. I suppose my question is: have you adequately provided funding for fire operations in the forthcoming year and have you accurately provided for your fuel reduction burning target this year? In other words, do you expect to actually achieve 100 000 hectares by the end of this year and is the figure for next year realistically set at the same level, given the controversy about the adequacy of fuel reduction to date?

Mr THWAITES — There are quite a few questions in there, and I will endeavour to address them all.

In relation to the total output cost, the reason the output cost goes up and down is that an amount is set in the budget but whatever the fire operations effort costs is paid for through a Treasurer's advance on top of the amount set out in the budget. The amount in the budget is set at the average amount, so when you read the first point, which was the 2000–01 figure, which is not here and which is \$50 million — if you go back to the budget before, I am sure you will find that the actual target amount was around \$38 million or \$40 million and then there was a Treasurer's advance on top of that, because there was extra cost, and that is where the \$50 million comes in. Similarly, this year, as you have pointed out, there has been \$100 million extra of Treasurer's advance put into the fire effort because of the need to expend that funding. The question you ask — is the \$41 million enough for the fire effort? — will depend upon the fire season. Fire seasons are so variable, you cannot predict precisely what the demands will be, but I can assure you that the same policy will be adopted as in the past, where, should we require more money for the fire operations, that will be sought through the Treasurer's advance, and that mechanism will fund it.

In relation to fuel reduction, which is the other point you make, the ability to reduce fuel through fuel hazard reduction burning is dependent upon a number of factors but particularly the weather. The Auditor-General's report acknowledges that. The Auditor-General's report acknowledges that the targets we have, as he indicates, are ambitious targets that do not take into account achievability factors such as seasonal variation. When the season is difficult it is not possible to burn off to the same degree. The Auditor-General's report clearly indicates a great variability year on year under both the current government and the previous Kennett government. For example, in 1997–98 only about 25 000, which is about 25 per cent of the target, was achieved. In the next year, 1998–99, it was roughly about 80 000; in 2001–02 it was about 90 000. It goes up and down depending upon the achievability

factors, principally the weather. The Auditor-General has made recommendations generally in relation to the targets and improving the system. I think it is worth noting that the comments the Auditor-General made were directed at having a better system and strategically assessing those fuel reduction targets, and that is something that the department will certainly consider.

In relation to the current situation we are seeking, as far as possible, to meet the targets. However, the weather situation this year has not been conducive in some areas. It has partly been a matter of dryness, but in some areas of Gippsland I am advised that the problem has been added moisture at times. It has been particularly difficult to complete the amount of fuel reduction burning that we would like and have targeted, but we will continue to do that. I am advised that this year some of the summer fire crews were kept on longer with a view to utilising them for fuel reduction burning, but the weather is still the major constraining factor.

Mr MERLINO — Can you inform the committee as to what the EPA is doing to progress the sustainability covenants which are a key factor in the resource efficiency bill passed last year. In particular, can you outline for the committee the recent covenants entered into with Vicsuper and how these will benefit Victoria?

Mr THWAITES — Can I say that I think these are a tremendously exciting development, the sustainability covenants, and something that in the long term will make a huge difference to the sustainability of Victoria overall. The principle of the sustainability covenants was contained in the Environment Protection (Resource Efficiency) Act, which was passed by the Parliament last year. Those sustainability covenants allow the Environment Protection Authority to enter into a contract with a major business where the business agrees to commit itself to increased and improved sustainability in coming years. The first of those has been signed now with Vicsuper, which as you know is one of the larger superannuation companies. It has covenanted in the first place to improve its own sustainability performance in terms of waste production, greenhouse in terms of how it runs its own offices, and the like, but the bigger and more important change is that it has agreed, as part of its investment strategy, to invest at least 10 per cent of its funds in companies that are leading sustainability companies. That means there is now a big incentive for companies themselves to invest in sustainability — it may be various eco-efficiency technologies or companies that go out of their way to have a very good sustainability strategy, because they know if investors — that is, their owners — are going to be investing in them that will improve their share price of course and that is an incentive to good sustainable practice. Vicsuper is also offering — and probably a number of people here would have a passing interest in Vicsuper — or has offered the opportunity for its members to request that Vicsuper invest up to 100 per cent of their funds in these leading sustainability companies. That is another method by which sustainability can be promoted.

Finally, the thing that is so good about it is that it is sending a message out to business generally that increasingly shareholders and investors are going to be looking at their sustainability performance. When this was launched the chief executive officer of Vicsuper told the story of how Vicsuper decided to invest \$160 million in property. It then advertised for a property manager. The property manager came along and was interviewed by Vicsuper. Vicsuper said, 'What is your sustainability strategy?', and the property manager, being a real estate sort of firm, said, 'We do not have one, but we will get one in the next two days'. It did; It came back with one. That means the buildings it is managing now will have a proper greenhouse strategy and low energy and that sort of thing. I see it as tremendously positive.

Mr DONNELLAN — I have a supplementary question. Is that a legally binding covenant or is that a general agreement to work together towards a shared outcome?

Mr THWAITES — It is the latter, in that it is not envisaged that it would be an enforceable contract. However, increasingly where there are regulations that companies have to comply with under the EPA, the sustainability covenant gives a way to incorporate that in the statutory process too. It may well be that in future times part of the statutory process will be a condition that you comply with a sustainability covenant. That would be the next step.

Mr BAXTER — Back to the bushfires and the tables that Mr Clark referred to. When the Premier and the Treasurer appeared before the committee a fortnight ago they both used the figure \$201 million as the cost of the bushfires. Does that \$201 million include the \$32.9 million which was the department's target set aside for bushfires in 2002–03 or does it not?

Mr THWAITES — Unfortunately my difficulty is that I have not seen the transcript of what was said.

Mr BAXTER — The government, or numerous ministers, have been using the figure \$201 million as what the bushfires cost. I am trying to get a handle on whether that was over and above what has been budgeted for

or whether that was the total cost including appropriations that various departments, and in particular your own, had made for the prospect of bushfires. I am trying to get a true cost of what the bushfires were in terms of the budget.

The CHAIR — The police minister also offered to provide documentation. You can do the same, Minister.

Mr THWAITES — I had understood that we said it was a total cost of around \$200 million, which would mean that that if there was that \$30 million, it would be included in that. That is my understanding of it.

Mr BAXTER — You may like to confirm that.

Mr THWAITES — I think we said the total cost was around \$200 million.

Mr BAXTER — That is what I am trying to get at. Are we talking about \$201 million over and above or \$201 million in total? You might like to confirm that. My other question on bushfires is: are you in a position to deny claims that are being made in my area that that there were some instances where paid firefighters withdrew from the fire front when they had clocked up the requisite number of hours for that shift before their relief had arrived?

Mr DONNELLAN — Is this a supplementary question?

Mr BAXTER — Yes. Leaving CFA volunteers on their own, so to speak?

Mr THWAITES — I can get further confirmation from Gary Morgan on this. I think that was a very unfortunate claim that was made.

Mr BAXTER — I am trying to find out whether there is any basis for it.

Mr THWAITES — My understanding is that that is not correct. We should not forget it was a DSE firefighter who died fighting a fire. We should also not forget that a number of the DSE and other departmental firefighters fought the fire with extreme courage. Recently I was talking to somebody about this who was involved at the Hotham fire and was pointing out that the DSE personnel, and I am not sure whether it was the DSE personnel but government agency personnel, had been really right at the fire front and facing — —

Mr BAXTER — Nobody is contesting that.

Mr THWAITES — The problem is that this allegation has been made and it has got a lot of press. My understanding is that that is incorrect, and I will get further confirmation of that, but the problem is also that the fact that the allegation has been made and given prominence like this takes away from the fact that these government people did a — —

Mr BAXTER — I am giving you the opportunity to dispose of that allegation.

The CHAIR — The minister just has, and he is getting further information.

Mr THWAITES — The trouble we have is getting the details of the particular claim, but the advice from Gary Morgan, the chief fire officer, is that the experience throughout the fires was that the government agency firefighters fought the fires beyond the call of duty, and in many cases they were fighting for five days on end and did a magnificent job. The issue that needs to be taken into account, though, is that at times the incident controller and management actually required the firefighters to stop on the basis of occupational health and safety, as is appropriate also for CFA firefighters, because fatigue is a critical factor in — —

The CHAIR — Fatalities?

Mr THWAITES — In fatalities. It is important that we do not get into a situation of bravado where people are saying they will keep going if they are putting their lives or the lives of others at risk. To try to answer your question, the best thing to say is that the overwhelming experience of the fires is that all firefighters, whether they be CFA or departmental, did a magnificent job where they went beyond the call of duty. In relation to the issue of fatigue, there are instances where the management of fatigue is important so you do not have people there beyond what is appropriate. Finally, it is a pity that those sorts of comments get so much prominence, because they mislead people into thinking that somehow people were lazy or not doing a good job.

Ms GREEN — It is appropriate that I follow Mr Baxter.

The CHAIR — As a CFA volunteer?

Ms GREEN — As a CFA volunteer. Given the statements that the National Party has made publicly arguing that the DSE has had a net reduction in funding of \$160 million, yet my reading of page 310 of budget paper 3 shows a net increase. Could you elaborate on this and in particular highlight what new programs have contributed to the increase?

Mr THWAITES — I think there was comment based upon budget paper 3 that there had been a reduction in the budget by \$116 million which was attributed to the Leader of the National Party. That is not correct. I presume that was based on a misunderstanding of the way in which the budget papers are presented. The 2002-03 adjusted budget at page 341 relates to a part of the year where the Department of Primary Industries was part of the Department of Natural Resources and Environment, whereas the 2003-04 budget does not include that portion of the budget that relates to the Department of Primary Industries. For that reason there is a potential misunderstanding about that, so there is no \$116 million budget reduction as claimed. As I think I have indicated, in the budget there are substantial new initiatives which are aimed at improving our environmental performance across the state. I refer to the new park rangers, the weed and pest control strategy, the various sustainable state initiatives and, importantly, the water initiatives, which are all aimed at improving the performance of the department.

Mr CLARK — If you look at page 189 of budget paper 2, which is the forward estimates for your department and others, you will see there is a \$109 million fall from \$924 million to \$815.1 million between 2003-04 and 2004-05 and then subsequent falls of lesser amounts down to \$791.8 million for 2006-07. Can you explain that fall of \$109 million and the continuing fall over the balance of the forward estimates period?

Mr THWAITES — The forward estimates are forward estimates for existing programs. The 2003-04 budget includes a range of provisions for extensions, such as for Our Forests, Our Future funding which will come to an end. It is a one-off type of program and is not something that goes on forever. It is compensation for the paying out of licences. Once that is finished, that is it, and the forward estimates do not include that. That is not to say when we come back next year, 2004-05, there will not be more money for new programs, which is probably a better way to go than continuing with existing programs.

Ms GREEN — You mentioned the changed structure, could you outline to the committee the reasons behind the machinery-of-government change of the structure and what effect it will have on the provision of services?

Mr THWAITES — The restructure was dedicated to bringing together two main sustainability areas of government — planning and environment. By having the regulatory approach through planning we can also support our sustainability objective more generally. It really makes structural sense to bring them together in that way.

Mr FORWOOD — I refer you to the output group that deals with biodiversity. I think it is at page 320 of budget paper 3, but I am not sure about that. I refer to the sustainability programs or, more particularly, the bats at Ivanhoe. Which output group would they be in?

Mr LOVE — Conservation and recreation.

Mr FORWOOD — My information is that no bats have actually arrived at Ivanhoe yet. It is an extraordinary structure at Ivanhoe. How much money has been spent on it and how much money continues to be allocated for it, given that no bats are there? Why did the government believe it was necessary to hire security guards — to protect the structure, I presume — and how much money has been spent on the security guards?

Mr THWAITES — Off the top of my head I cannot give you those figures, but I am happy to provide them for you. The bats were causing enormous damage to the Royal Botanic Gardens. Those gardens are a key part of Melbourne's heritage and of our environment. Most people would agree that we could not allow it to continue as it was, because the gardens were being destroyed. The strategy adopted to move the bats has been the best course in what is a difficult situation. I am pleased to say that we have been successful in moving the bats from the gardens —

Mr FORWOOD — Not to Ivanhoe, though.

Mr THWAITES — No, but they have been dispersed. Some are in Geelong and some are over here. That has prevented the continuation of the terrible damage to what is one of our most important heritage and environmental areas. It will be one of those things that keeps being a difficult problem. There will not be a simple solution. However, through the active dispersal we have at least reduced the concentration in one place, and we are working now with Geelong and the Geelong council, which has been tremendously supportive, because a lot of people in Geelong are interested in having the bats as long as they do not cause too many problems.

Mr FORWOOD — We do not want them in Ivanhoe!

Mr THWAITES — We will continue to encourage them to go to Ivanhoe, but it will obviously be a long process.

Mr FORWOOD — You will get the information about the guards?

Mr THWAITES — Yes.

Mr DONNELLAN — I note that the Commissioner for Sustainability is now a budget item and was referred to in the presentation. Can you outline when the commissioner will be appointed and what he or she will do and how that links in with the government's sustainability strategy?

Mr THWAITES — The Commissioner for Sustainability legislation has now passed and government will now go through a process to appoint the commissioner. The commissioner will report on the state of Victoria's environment; will provide strategic annual auditing of government agency performance; will audit the public education programs relating to sustainability across Victoria; and also has a responsibility every five years to report on the state of Victoria's environment — going beyond an audit of government to look more generally at the state of Victoria's environment. One million dollars a year has been allocated to the budget for the commissioner, which will cover accommodation and salaries for the commissioner and a small support staff. The commissioner will be required to produce an annual business plan, so that there is that level of accountability, which will then be approved by me. It is an important initiative that provides for independent oversight and also an independent voice for promoting sustainability and a sustainable environment.

Mr DONNELLAN — Will he have the power to actually force changes throughout the state, or is that a little way off?

Mr THWAITES — It really is his powers of persuasion and power of reporting on performance, which is a pretty good way of persuading people to act sensibly.

Mr CLARK — I refer to budget paper 2, appendix A, page 245, the initiatives for sustainability and environment, and to the initiatives for tackling weeds on private farmland, which is about 8 or 10 down the list. I refer to the allocation of \$1 million, \$3 million, \$3 million and \$3 million. Will you explain why there is only \$1 million allocated for the 2003–04 year? I am told by people who know more about it than me that the breaking of a drought is a particularly important time to be putting effort into weed control. If that is correct, why is there only \$1 million given in the forthcoming year when hopefully the drought will be breaking?

Mr THWAITES — The important thing to note is that it is not only \$1 million. That is \$1 million from this new program, but there are additional funds from the existing output that are also going into weed control on private land. I can find the actual amount but there is some amount. Also beyond that in the bushfire recovery taskforce report there is also a priority for weeds as well. So the \$1 million is not the sole source of funding for weeds on private land. The only other point being made was that it is possible under the Financial Management Act to bring forward expenditure through a process if that is appropriate. There is funding through the existing catchment management outputs for weed control development. I will check that.

Ms GREEN — Just as a supplementary on that point, tell us what you think the impact on the state budget will be if there is a significant reduction in the federal budget for funds in this area — if you can.

Mr THWAITES — There is concern about federal funding through the national heritage strategy that provides funding for a range of these areas, and there certainly has been concern expressed that some of those amounts have been reducing and that that would obviously mean less funds available for worthy programs like at.

Mr MERLINO — How will the increases to landfill levies contribute to protecting Victoria's environment?

Mr THWAITES — The landfill levy, as members will be aware, was passed into legislation last year. That does provide a source of funds to assist the environment. Importantly, it will be an increasing source of funds over the years. All the levy funds that are raised are hypothecated and used solely to protect the environment and to foster an environmentally sustainable use of resources and best practice in waste management. Next year the Environment Protection Authority estimates about \$6.7 million will be raised in additional funds through the increased levy. That will depend finally on the amount of waste that is placed through the landfill levy. The additional funds will be used to assist industry to reduce waste and, for example, the EPA has a project with the top 30 industries that produce waste to help them reduce their waste. Companies like Pilkingtons have very successfully recycled large amounts of the waste that used to go to landfill to then go for reuse.

The additional funds will also be used to help local government to continue to improve waste management infrastructure through grants from Ecorecycle to support community education and waste reduction programs, to provide greater support for regional waste management groups, to strengthen the EPA Victoria's enforcement capability and to establish a new sustainability fund to foster innovation, sustainable use of resources and best practice in waste management. I guess the final point to make is that as well as providing extra funds for environmental projects the levy will also act as a disincentive for businesses who might otherwise put more waste to landfill. That proves the viability of alternatives to disposals such as reuse and recycling.

The CHAIR — Thank you, Minister. We are running out of time, but Mr Baxter has a question.

Mr BAXTER — Thank you, Chair. Back on pests and weeds — —

Mr THWAITES — What page is this?

Mr BAXTER — Back on the same table that Mr Clark was referring to, on page 245 of budget paper 2 on weed and pest control on public lands, we see \$3.5 million each year for four years — that is, \$14 million. The Treasurer on page 12 of his speech talks about a new \$24 million weed and pest program employing an extra 50 park rangers. Does that mean that the new 50 park rangers are going to have some specific charter for looking after weeds in national parks? Is that how you get from the \$14 million to the \$24 million the Treasurer talked about, or is there some other explanation? And, still on the issue of vermin, is it proposed to continue the fox bounty?

Mr THWAITES — Those are two quite different questions. In relation to weed and pest control, the \$24 million is the sum of the two weed control programs — that is, \$10 million for weed control on private land and \$14 million for weed control on public land. The park rangers funding is additional funding on top of that to employ 50 park rangers, but a clear objective for additional park rangers — one of their roles — is to assist with weed and pest control. That is obviously a vital part of management of national parks, so they will have that to do along with other functions as well. In relation to the fox bounty, the government in the previous budget committed funds for a three-year fox management control strategy. In addition to that, additional funds on top of that were put in to support the trial as part of that overall strategy of a fox bounty. It is important to note that the fox bounty is not the only strategy available for managing foxes. We have as a government indicated that we want to evaluate the trial of the fox bounty, which is what we will be doing, and that is continuing through this year; then once we see the results of that evaluation we will determine what is the best way to proceed.

Mr BAXTER — So the bounty will continue until you complete that evaluation?

Mr THWAITES — The bounty will continue until we complete the evaluation, that is right.

The CHAIR — Thank you, Minister. We have a lot to get through this afternoon with three discrete areas, so we will have a brief break as you change over your departmental staff.

Witnesses withdrew.